



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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October 29, 1999

Gary Burningham
B.E.G. Resources, LLC
95 North 200 East
American Fork, Utah 84003

Re: Finalization of Large Mining Permitting Process, Travertine #1 Mine, B.E.G. Resources, LLC,
M/023/042, Juab County, Utah

Dear Mr. Burningham:

Thank you for your September 2, 1999 response to our July 15, 1999 letter regarding finalization of the permitting process for the Travertine #1 mine. Please accept my apology for the delay in providing you with a reply. You state in your letter that you have met with the previous owner Neal Jensen, and Juab County about the reclamation requirements for the road accessing your mine site. You indicate that you have been given notice by Juab County that reclaiming the access road would be in violation of the rights asserted by the County. You also state that the County has advised you that any attempt to reclaim this pre-1976, RS2477 county road without public hearing and due-process will be met with the full penalty of law. *Would you please send us a copy of the County notice you received regarding their direction and position on this mine access road? We would appreciate a copy for future reference in this matter.*

I do not believe we have challenged the historical status or ownership of this access road. Rather, we have been trying to assist the mine operator and the Bureau of Land Management in finding a reasonable solution to resolve this dispute. This disagreement has become a significant stumbling block in our attempts to complete the large mine permitting process for this site. Consequently, we have taken the position of *temporarily* requiring reclamation and bonding for the access road, until such time as the dispute between the two parties is resolved.

Our position remains unchanged at this time. The BLM has not informed us that they have changed their position in this matter. Therefore, we still must insist that the road be reclaimed and appropriately bonded. This requirement will remain until the BLM notifies us to the contrary, or we are otherwise convinced that the road has a legitimate post-mining land use and should not be reclaimed.

To date, we also have not received a completed Small Mine permit transfer form for this site. Because a Large Mining permit has not been issued yet, the existing small mine permit is still in effect. It must be transferred from Neal Jensen to your company (B.E.G. Resources, LLC). Until this happens (or the LMO is bonded and approved by B.E.G. Resources, LLC), Mr. Jensen remains contractually responsible for continued mining and reclamation of the site. Once this transfer form is completed, we can

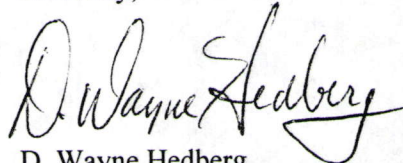
Page 2
Gary Burningham
M/023/042
October 29, 1999

formally recognize you as the responsible party for continued mining and reclamation activities at the Travertine #1 site under the small mining permit. Enclosed is a Small Mine Permit Transfer form which must be completed, notarized and then returned to our office for Director's approval.

We also need a letter from you confirming that the Travertine #1 property has been purchased by B.E.G. Resources LLC and that you are now willing to take over full responsibility for completing the Large Mining Operation (LMO) permitting process for Mr. Jensen's original LMO application. You will also need to provide a replacement *interim* reclamation surety before we can consider releasing Mr. Jensen's current \$14,000 interim surety.

We look forward to the receipt of your response to our September 29, 1998 technical review letter which was due August 20, 1999 (copy enclosed). Thank you in advance for your cooperation and understanding in completing this permitting action. Please contact me or Tom Munson of my staff at (801) 538-5286 and 538-5321 respectively, if you have further questions or concerns in this regard.

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Reclamation Program

jb
Enclosure: September 29, 1998 review letter
Small Mine Permit Transfer Form
cc: Rex Rowley, BLM, Fillmore Office
Mary Ann Wright, DOGM
Tom Munson, DOGM
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